From the Chief Financial Officer

Harvard Business School performed well in fiscal 2008, despite the slowing economy. It was a record year for Executive Education, Harvard Business Publishing produced solid results, and income from the endowment increased substantially. Producing a third consecutive year of double-digit revenue growth, the School’s business model continued to generate the cash flow we need to drive innovation in MBA education, maintain the physical integrity of the campus, and invest in strategic opportunities.

The HBS business model is rooted in a faculty whose research brings them into contact with leaders and managers of organizations around the world. Executive Education and Harvard Business Publishing (HBP) transform the resulting ideas into new programs and products that are offered in highly competitive academic and corporate markets worldwide. The income generated by this business activity is used to fund the faculty’s research and enable them to stay close to practice, thus completing the cycle and allowing it to begin anew.

Fiscal 2008 was an exceptional period for Executive Education, reflecting the success of a strong push in corporate relations and marketing, as well as a review and expansion of program offerings, over the past two years. Executive Education posted both 14.8 percent growth in “participant days” and markedly higher classroom utilization in fiscal 2008, significantly improving margins. At the same time, Executive Education took an important step toward expanding its reach and impact globally by launching a number of new programs abroad.

Harvard Business Publishing has been working strategically for the past few years to reinvent its business as publishing becomes increasingly digital and global. Executing on this strategy, the publishing unit continued to expand its online content and product offerings in fiscal 2008. Among HBP’s key initiatives in the corporate market was the release of two new online simulations and an advanced digital product and service-oriented architecture, as well as new premier content libraries. The publishing unit also improved its web site in ways that make it a more desirable information portal and destination for corporate and academic customers.